

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 3421 - SB 3518

February 8, 2010

SUMMARY OF BILL: Requires direct deposit of unemployment insurance benefits to a claimant's bank account if the claimant submits a written request in addition to a voided check. Prohibits the inclusion of a claimant's social security number on a check or other documents when benefits are paid by check. Requires the Department of Labor and Workforce Development to reissue a check within five months of the original check if the claimant files a written report that the check was not received and the claimant was not negligent.

ESTIMATED FISCAL IMPACT:

**Increase Federal Expenditures - \$601,200/One-Time/
Unemployment Insurance Trust Fund (UI Fund)
Decrease Federal Expenditures – Net Impact - \$2,972,400/Recurring/UI Fund**

Assumptions:

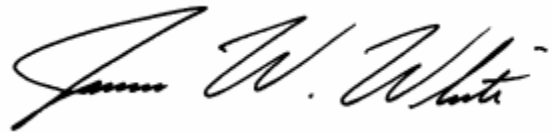
- According to the Department of Labor and Workforce Development, modifications to existing programs will be required to remove social security numbers from checks and check stubs. There will be additional modifications to existing programs and the creation of new online and other computer programs needed to meet the requirements of this bill. There will be an increase in one-time federal expenditures of approximately \$601,200 in Information Technology costs as follows: Modifications to 30 existing online programs totaling \$99,532. Create three new online programs totaling \$11,529. Modifications to 125 existing batch programs totaling \$422,315. Create 15 new batch programs totaling \$62,622. Two server modifications totaling \$5,168. The average programming cost is \$3,435 per modification/creation (\$601,200 / 175).
- According to the Department, the cost to mail one check is \$0.488; the average number of checks mailed per week is approximately 150,000. The total annual cost of issuing checks is approximately \$3,806,400 (\$0.488 x 150,000 x 52 weeks).
- Approximately 80 percent of claimants are estimated to request direct deposit. This would decrease recurring federal expenditures by approximately \$3,045,100 (\$3,806,400 x 80%).

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- Currently returned checks are scanned through a computer which reads social security numbers on check stubs and automatically cancels the check. The removal of social security numbers will require check canceling to be done manually. This will require two additional Benefit Aids 2 positions at recurring cost of \$36,350 per position (\$22,400 salary + \$7,600 benefits + \$6,350 computer, phone, office space, and supplies), for a total increase in recurring federal expenditures of \$72,700 (\$36,350 x 2 positions).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director

/jaw